BASIC MEMBER BRIEFING

Smart Insights

DIGITAL MARKETING OPTIMIZATION

Set the right Vision, Goals, Objectives and use the right People, Process, Tools and KPIs to boost returns from Digital Channels

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DIGITAL MARKETING OPTIMZATION

Seven Steps to Success Guide

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Introduction

Why a focus on optimization is needed

We've devoted an entire guide to Digital Marketing Optimization since we believe that, in many businesses, there is a failure to deliver on the potential of digital marketing. Although digital media and platforms have been called 'the most measurable ever', the wealth of data we collect about our customers and visitors to our 'owned media' such as websites, mobile apps and social network pages is not fully utilised in many businesses.

We can see that it's relatively rare for businesses to apply their analytics to improve performance on a structured basis from our research on Managing Digital Marketing where we asked businesses to assess their capabilities across our 5 stage digital capabilities framework.

What is Digital Marketing Optimization?

We see Digital Marketing Optimization (DMO) as a focus on improving the effectiveness and efficiency of key digital marketing activities across the full range of digital marketing channels and experiences that businesses must manage.

What is it? Digital marketing optimization (DMO)

DMO should be focused on improving the effectiveness and efficiency of key integrated digital marketing activities across the full range of digital marketing channels and experiences businesses must manage.

Some have referred to DMO as only relating to channels to reach audiences such as search, display or affiliate marketing, while others have used it to reference web conversion optimisation activities, widely known as Conversion Rate Optimisation (CRO).

We think it's most effective to use an integrated approach to increase efficiency across all four steps of Smart Insights RACE (Reach, Interact, Convert, Engage) since that reflects real-world customer journeys and experiences where decisions to purchase are typically multichannel,

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that is influenced by different touchpoints. We have defined key DMO activities in the table.

RACE touchpoints	Activities to improve efficiency (tactical)	Activities to improve effectiveness (strategic)
Reach – Increase brand touchpoints across paid, owned and earned media	☑ Search Engine Optimisation (SEO) ☑ Tests to improve campaign and always-on ad creative (offer, messaging) for PPC and Display ☑ Programmatic and RTB advertising ☑ Outreach (PR), Partner and affiliate marketing ☑ Social media optimisation (SMO) to improve sharing	☑ Refine audience targeting plan across range of ad placements ☑ Develop content marketing strategy for demand generation ☑ Selection and varying the mix of paid media to optimise Cost per Acquisition (CPA) for campaigns and "Always-on" acquisition communications
Act – Increase deeper brand interactions and leads	☑ CRO for Landing pages to boost leads ☑ Updating email welcome sequences ☑ Improve paid remarketing to drive leads	☑ Improve content marketing strategy for demand generation including content asset quality ☑ Improve profiling and targeting approach for lead follow-up
Convert – Increase conversion to sale (by online and offline channels)	☑ Web personalisation to encourage sale ☑ Improve paid remarketing to drive sales ☑ CRO for basket and checkout ☑ Abandoned basket email sequences	☑ Improving (online value) proposition and how it is communicated across channels ☑ Improve profiling and targeting approach for lead follow-up ☑ Define preferred customer journeys ☑ Improve assisted selling as needed (e.g. Live chat and phone)
Engage – Increase long-term engagement, satisfaction and advocacy for existing customers	☑ Social media optimisation (SMO) to improve sharing ☑ Improved customer service	☑ Improving email and web targeting and contact sequences for customers ☑ Improving social media marketing

You can see that the activities to improve performance across RACE include a range of tactical improvements to efficiency across different channels and platforms including website, email, SEO, earned and paid media. In the column on the right we have more strategic DMO techniques that involve updating targeting and proposition that can be under-emphasised without a planned approach to DMO.

Why Digital Marketing Optimization?

The use of Digital marketing is now mature or reaching maturity in many organisations as

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suggested by the first chart in this report. This will be clear from how digital activities are planned and managed, for example, a more mature approach to digital marketing will be evident if a business has a defined digital channel vision and strategy with buy-in at a senior level both in the marketing organisation and from business managers. The digital strategy will define clear goals, target audiences and strategies for how to reach, convert and engage these audiences. A mature use of digital marketing will also be evident in the process for reviewing and improving key digital activities. There will be a clear dashboard with defined KPIs that will be reviewed regularly in line with objectives set from shorter-term plans and review at a 90 day planning plus monthly and weekly level.

At a practical level, a business will have invested to create an effective website which is mobile optimised, will be active in social media on the channels relevant for their audiences and will have established programmes for reaching new prospects through the key channels such as search engine marketing, affiliate marketing and online advertising. In terms of personalised messaging, they will have Marketing Automation in place to deliver relevant, contextual messages to prospects and customers using Email marketing and CRM. These organisations will also have approaches to manage customer journeys between digital and offline communications and assisted sales or service channels such as Phone and Live chat.

Bringing together these features of a more mature organisation, if we think of progress for a business in Digital Transformation, within the context of the Smart Insights capability maturity map, these businesses are moving from Stage Three - Defined to Stage Four - Quantified to Stage Five - Optimized as shown at the end of this section of the report.

Actionable Analytics are at the heart of Digital Marketing Optimization

If we think about what makes for an effective Digital Marketing Optimization programme, it is clearly a data-driven marketing approach based on a solid evaluation or measurement platform. Fortunately, nearly all businesses have a head start here, since they are either using Google Analytics as a free tool or have invested in a tool with support and additional capabilities such as Google Analytics Premium, Adobe Analytics (Omniture) or IBM (Coremetrics).

However, having the right analytics tool in place is only the very beginning for making analytics actionable. We believe there are three other key capabilities that are needed for actionable analytics as shown on the diagram, these are having the right people in place who are responsible for managing the process to make it effective and keeping staff engaged with analytics. Then we need to select the right KPIs to review and drive future performance.

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The challenge with defining KPIs is two-fold, first in the standard range of reports available in a Digital Analytics system, where we are bombarded with KPIs in many reports, it's difficult to know where to focus. Second, in a default analytics tagging installation, the KPIs that really matter to a business such as conversion to goals like leads and sales are not set up. Customisation is needed to identify which pages indicate these key marketing outcomes.

A process for goal-setting and optimisation for digital marketing

Through setting specific targets for your online marketing as specific objectives for different KPIs such as online visits, conversion rates, leads and sales you then have a baseline to review and adjust your progress against targets. Without a review process in place you can still do digital marketing, for sure, but chances are, you are not making the most of the opportunities and you'll almost certainly be wasting your time and money.

Strategy Recommendation 1 Create a process for improvement based on KPI review

A regular process of KPI review against target and actions to improve performance should be used to get the value from measurement. We explain how you can establish a timeframe for review of different KPIs in Step 7. You should also define processes for ongoing optimisation based around structured tests to improve review.

Processes to review KPIs are closely related to Conversion Rate optimisation programmes too since, as a starting point, these require definition of which metrics to optimise against. We like this process for optimisation defined by Rich Page[1].

1 Rich Page: Website Optimization, an hour a day

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Recommended resource? Templates for managing continuous improvements using KPIs

- ☑ 90 day planning template (part of digital strategy toolkit) – define areas of digital marketing to optimise each quarter in the context of RACE.
- ☑ Website conversion optimisation planner – define hypotheses on which pages and elements to test.
- ☑ Website conversion and revenue model calculators – create models to assess return on investment from structured testing.

Recommended resource? Improving results through Google Analytics

Our 7 Steps Guide to Google Analytics shows how to use different reports and measures in GA to optimise performance. In Step 6 of the current guide we cover Goal Setup in GA.

Recommended resource? Improving results from your website and landing pages

Our Improving results from your website guide describes a process for improvement in Step 7. The introduction to our landing page guide also covers factors which impact optimisation.

How is this guide structured?

The 7 steps covered in our Guide to Digital Marketing Optimization are:

- ☑ **Step 1 Review your top level goals** – Understanding the difference between goals, objective and KPIs and how you need to relate them; using the 5S s of digital marketing to set top-level goals.
- ☑ **Step 2 Define your vision for digital** – Many businesses don't have a long-term vision for how digital channels will develop their brand. A clear vision, linked to goals is also important to bring your colleagues and partners with you on the journey to digital transformation.
- ☑ **Step 3 Align business goals and SMART digital objectives** – since analytics systems contain so many reports and measures, it's important to define the measures that matter as KPIs you set specific targets for and then review against.
- ☑ **Step 4 Create a conversion model** – A short section featuring our conversion budget model spreadsheet.
- ☑ **Step 5 Define performance dashboards** – We're big fans of using Dashboards to help communicate and review performance, but KPIs need to be structured in a logical way. Here we review three alternative groupings with full, recommended KPI listings.
- ☑ **Step 6 Setup tracking and evaluation** – An introduction to customising Google Analytics to report on key marketing goals and events - explained in more detail in our guides to Google Analytics and Tag management.
- ☑ **Step 7 Optimize your performance** – Finally, we look at an example of a potential review process with different checkpoints through time.

Looking for the full guide?

This is a short sample based on the introduction from the full guide. Expert members can download the full guide: 7 Steps to Digital Marketing Optimization.

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AIMING FOR DIGITAL MARKETING EXCELLENCE

Take your digital marketing to the next level with our capability assessment. Use our visual checklist to audit how well your business or clients are exploiting their digital marketing and then plan how to take it to the next level.

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Digital Capability	ONE. Initial	TWO. Managed	THREE. Defined	FOUR. Quantified	FIVE. Optimized
A. Strategic Approach	No strategy	Prioritised marketing activities	Defined vision and strategy	Business-aligned strategy and roadmap	Agile strategic approach
B. Performance Improvement Process	No KPIs	Volume-based KPIs	Quality-based KPIs 'Last click' attribution	Value-based KPIs Weighted attribution	Lifetime-value KPIs
C. Management Buy-in	Limited	Verbal support, but inadequate resourcing	Sponsorship and increased investment	Active championing and approriate investment	Integral part of strategy development
D. Resourcing and Structure	No specific skills	Core skills centralised or agencies	Centralised hub and spoke Dedicated resources	Decentralisation and reskilling	Balanced blend of marketing skills
E. Data and Infrastructure	Limited / no customer database	Separate data, tools and IT services	Partially integrated systems and data	Integrated systems and 360° data sources	Flexible approach to optimize resources
F. Integrated Customer Communications	Not integrated	Core push activities synchronised	Integrated inbound approach	Integrated, Personalised, Paid-Owned-Earned media	Media optimized for ROI and to maximize CLV
G. Integrated Customer Experience	Website not integrated	Desktop and mobile support, not personalized	Partially personalized desktop and mobile experience	Integrated, Personalized web, mobile, email and social media	Full contexual personalized experiences and recommendations
	"Laggard"	"Developing capability"	"Competent average capability"	"Above-sector average capability"	"Market leading capability"

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+ Join our Expert members to download digital marketing planning templates and our 7 Step guides to digital strategy.

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